## CHRONICLE

EXTRA.

## Monday, Dec. 14th.

PRESIDENT'S MESSAGE.

Gentlemen of the Senate, and of the House of Representatives:

In obedience to the command of the Constitution, it has now become my duty "to give to Congress information of the state of the Union, and recommend to their consideration such measures" as I

judge to be "necessary and expedient."
But first, and above all, our thanks are due to Almighty God for the numerous benefits which He has bestowed upon this people, and our united prayers ought to ascend to Him that He would continue to bless our great republic in time to come as He has blessed it in time past.

Since the adjournment of the last Congress our canstituents have enjoyed an unusual degree of of health. The earth has yielded her fruits abundantly, and has bountifully rewarded the toil of the husbandman. Our great staples have commanded high prices, and, up to within a brief period, our manufacturing, mineral and mechanical occupations have largely partaken of the general prosperity. We have possessed all the elements of ma-terial wealth in rich abundance, and yet, notwithstanding all these advantages, our country, in its monetary interests, is at the present moment in a

In the midst of unsurpassed plenty in all the productions of agriculture and in all the elements of national wealth, we find our manufactures suspended, our public works retarded, our private enterprise of different kinds abandoned, and thousands of useful laborers thrown out of employment and reduced to want. The revenue of the goveenment, which is chiefly derived from duties on imports from abroad, has been greatly reduced, whilst appropriations made by Congress at its last session for the current fiscal year are very large in amount.

Under these circumstances a loan may be required before the close of your present session; but this, although to be deeply regretted, would prove to be only a slight misfortune when compared with the suffering and distress prevailing among the people. With this the government cannot fail to deeply symphatize, though it may be without the power

It is our duty to enquire what has produced such unfortunace results, and whether their recurrence can be prevented? In all former revulsions the the have been fairly attaibuted to a variety of co-operating causes; but not so upon the present occasion. It is apparent that our existing misfortunes have proceeded solely from our extravagant and vicious system of paper currency and bank credits, exciting the people to wild speculations and gambling in stocks. These revulsions must continue to recur at successive intervals so long as the amount of paper currency and bank loans and discounts of the country shall be left to the discretion of fourteen hundred irresponsible banking institutions which from the very law of their nature will consult the interest of their stockholders rather than the public wellare.

The framers of the Constitution, when they gave to Congress the power "to coin money and to regulate the value thereof," and prohibited the States from coining money, emitting bills of credit, or making anything but gold and silver coin a tender in payment of debts, supposed they had protected the people against the evils of an excessive and irre-deemable paper currency. They are not responsible for an existing anomaly that a government endowed with the sovereign attribute of coining money and regulating the value thereof should have no power to prevent others from driving this coin out of the country and filling up the channels of circulation with paper which does not represent gold and

It is one of the highest and most responsible duties of the government to insure to the people a sound circulating medium, the amount of which ought to be adapted with the utmost possible wisdom and skill to the wants of the internal trade and foreign exchanges. If this be either greatly above or greatly below the proper standard, the marketable value of every man's property is increased or diminished in the same proportion, and injustice to individuals as well as incalculable evils to the community are the consequences.

Unfortunately, under the construction of the Federal Constitution, which has now prevailed too long to be changed, this important and delicate dutylhas been dissevered from the coining power and virtually transferred to more than fourteen hundred State banks, acting independently of each other, and regulating their paper issues almost exclusively by a regard to the present interest of their stockho ders. Exercising the sovereign power of providing a paper currency, instead of coin, for the country, the first duty which these banks owe to the public is to keep in their vau'ts a sufficient amount of gold and silver to insure the convertibility of their notes into coin at all times and under all circumstances. No bank ought ever to be chartered without such restrictions on its business as to secure this result. All other restrictions are compar-

This is the only true touchstone, the only efficient regulator of a paper currency-the only one which can guard the public against over issues and bank suspensions. As a collateral and eventual security it/is doubtless wise, and in all cases ought to be required, that banks shall hold an amount of United States or State securities equal to their notes in circulation and pledged for their redemption .-This, however, furnishes no adequate security against over-issues. On the contrary, it may be perverted to inflate the currency. Indeed, it is possible by this means to convert all the debts of the United States and State Governments into bank notes, without reference to the specie required to redeem them.

However valuable these securities may be in themselves, they cannot be converted into gold and silver at the moment of pressure, as our experience teaches, in sufficient time to prevent bank suspensions and the depreciation of bank notes. In England, which is to a considerable extent a paper money country, though vastly behind our own in this respect, it was deemed advisable, anterior to the act of Parliament of 1844, which wisely separated the issue of notes from the banking department, for the Bank of England always to keep on hand gold and silver equal to one-third of its combined circu-

If the proposition was no more than cufficient to secure the convertibility of its notes, with the whole of Great Britain, and to some extent the continent of Europe as a field for its circulation, rendering it almost impossible that a sudden and immediate run to a dangerous amount should be made upon it, the same proportion would certainly be insufficient under our banking system. Each of our fourteen hundred banks has but a limited circumfreence for its circulation, and in the course of a very few days the depositors and note ho ders might demand from such a bank a sufficient amount in specie to compel it to suspend, even although it had coin in its vaults equal to one-third of its immediate liabilities.

And yet I am not aware, with the exception of the banks of Louisiana, that any State bank throughout the Union has been required by its charter to keep this or any other proportion of gold and silver compared with the amount of its combined circulation and deposits. What has been the consequence-? In a recent report made by the Treasury Department on the condition of the Banks throughout the different States, according to returns dated January, 1857, the aggregate amount of actual specie in their vaults is \$58,349,838, of their circulation \$214,778,822, and of their deposits \$230,351,352. Thus it appears that these banks in the aggregate have considerably less than one dollar in seven of gold and silver compared with their circulation and

It was probable, therefore, that the very first pressure must drive them to suspension, and deprive the people of a convertible currency with all its disastrous consequences. It is truly wonderful that they should have so continued to preserve their credit, when a demand for the payment of one seventh of their immediate liabilities would have driven them into insolvency. And that is the condrion of the banks, notwithstanding that four hundred millions of gold faom California have flowed in upon us within the last eight years, and the tide still continues to flow. Indeed, such has been the extravagance of the bank credits that the banks now hold a considerably less amount of specie, either in proportion to their capital or to their circulation and leposits combined, than they did before the discov-

ery of gold in California. Whilst in the year 1848 their specie in proportion to their capital was more than equal to ore dollar for four and a half, in 1857 it does not amount to one dollar for every six dollars and thirty-three cents of their capital. In the year 1848 the specie was equal within a very small fraction to one dollar in five of their circulation and deposits; in 1857 it is not equal to one dollar in seven and a half of their

circulation and deposites. From this statement it is easy to account for our financial history for the last forty years. It has been a history of extravagant expansions in the busine s of the country, followed by ruinous contractions. At successive intervals the best and most enterpris-

sive bank loans of mere paper credit, exciting them to extravagant importations of foreign goods, wild speculations, and ruinious and demoralizing stockgambling. When the crisis arrives, as arrive it must, the banks can extend no relief to the people. In a vain struggle to redeem their liabilities in specie, they are compelled to contract their loans and their issues; and at last in the hour of distress, when their assistance is more needed, they and their debtors together sink into insolvency.

It is this paper system of extravagant expansion, raising the nominal price of every article far beyond is real value, when compared with the cost of similar articles in countries whose circulation is wisely regulated, which has prevented us from competing in our own market with foreign manufacturers, has produced extravagant importations and has counter-acted the effect of the large incidental protection afforded to our domestic manufactures by the pre-sent revenue teriff. But for this the branches of our manufactures composed of raw materials, the production of our own country-such as cotton, iron and woollen fabrics-would not only have acquired almost exclusive possession of the home market, but would have created for themselves a foreign market throught the world,

Deplorable, however, as may be our present nancial condition, we may jet indulge in bright hopes of the future. No other nation has ever existed which could have endured such violent expansions and contractions of paper credit without lasting injury; yet the bouyancy of youth, the energies of our population, and the spirit which never qualls before difficulties, will enable us soon to recover from our present financial embarrassment, and may even occasion us speedily to lorget the lesson which they have taugl t. In the meantime it is the duty of the govern-

ment by all proper means within its power, to aid in alleviating the sufferings of the people, occasioned by the suspension of banks, and to provide against a recurrence of the same calamity. Unfortunately, in either aspect of the case, it can do but little. Thanks to the independent treasury, the government has not suspended payments, as it was compelled to do by the failure of the banks in 1837 It will continue to discharge its liabilities to the people in gold and silver. Its disbursements in coin will pass into circulation, and materially assist in restoring a sound currency. From its high credit, should we be compelled to make a temporary loan, it can be effected on advantageous terms. This, however, shall, if possible, be avoided; but if not, then the amount shall be limited to the lowest practicable sum.

I have, therefore, determined that whilst no useful government works already in progress shall be suspended, new works not already commenced, will be postponed, if this can be done without injury to the country. Those necessary for its defence shall proceed as though there had been no crisis in our

conetary affairs. But the Federal Government cannot do much to provide against a recurrence of existing evils. Even insurmountable constitutional objections did not exist against the creation of a National Bank, this would furnish no adequate preventive security. The history of the last bank of the United States abundantly proves the truth of this assertion. Such a bank could not, if it would, regulate the issues and to prevent the ruinous expansions and contractions in our state banks which afflicted the country during the existence of the late bank, or secure us against future suspensions. In 1825 an effort was made by the Bank of England to curtail the issues of the country banks under the most favorable circum-

The paper currency had been expanded to s ruinous extent, and the bank put forth all its power to contract it in order to reduce prices and restore the equilibrium of foreign exchanges. It accordingly commenced a system of curtailment of its loans and issues, in the vain hope that the joint stock and private banks of the country would be compelled to follow its example. It found, however, that as it contracted they expanded, and at the end of the process, to employ the language of a very high official authority, "whatever reduction of the paper currency was effected by the bank of England in 1825 was more than made up by the is-

sues of the country banks." But the Bank of the United States would not, i it could, restrain the losses and loans of the State banks, because its duty as a regulator of the currency must often be in direct conflict with the immediate interests of its stockholders. If we exnect one agent to restrain or control another, their nterest must, at least in some degree, be antagonistic. But the directors of a Bank of the United States would feel the same interest and the same inclination with the directors of the State Banks to expand the currency to accommodate their favorites and friends with loans, and to declare large dividends. Such has been our experience in regard to

After all, we must mainly depend upon the patriotism and wisdom of the States for the prevention and redress of the evil. If they will afford us a specie basis for our paper circulation by increas ing the denomination of bank notes, first to twentyand afterwards to fifty dollars; if they will require that the banks shall at all times keep on hand at least one dollar in gold or silver for every three dollars of their circulation and deposites; and if they will provide by a self-executing enactment, which nothing can arrest, that the moment they suspend they shall go into liquidation, I believe these provisions, with a weekly publication by each bank of a statement of its condition, would go far to secure us against future suspensions of specie pay-

Congress, in my opinion, possesses the power to pass a uniform bankrupt law, applicable to all banking institutions throughout the United States, and I strongly recommend its exercise. This would make it the irreversible organic law of each back's existence, that a suspension of specie payments shall produce its civil death. The instinct of self preservation would then compel it to perform its duties in such a manner as to escape the penalty and preserve

The existence of banks and the circulation of bank paper are so identical with the habits of our people, that they cannot at this day be suddenly abolished without much immediate injury to the country. If we could confine them to their appropriate sphere, and prevent them from administering to the spirit of wild and reckless speculation by extravagant loans and issues, they might be continued

with advantage to the public. But this I say, after long and much reflection: experience shall prove it to be impossible to enjoy the facilities which well regulated banks might afford, without at the same time suffering the calamities which the excesses of the banks have hitherto inflicted upon the country, it would then be far the lesser evil to deprive them altogether of the power to issue a paper currency and confine them to the functions of banks of deposit and discount. Our relations with foreign governments are, upon

the whole, in a satisfactory condition. The diplomatic difficulties which existed between the government of the United States and that of Great Britain at the adjournment of the last Congress have been happily terminated by the appointment of a British minister to this country, who has been cordially received.

Whilst it is greatly to the interest, as I am convinced it is the sincere desire of the governments and the people of the two countries to be on terms of intimate triendship with each other, it has been our misfortune almost always to have had some irritating, if not dangerous outstanding question with Great Britain.

Since t'e origin of the government we have been employed in negotiating treaties with that power, and afterwards in discussing their true intent and meaning. In this respect, the convention of April 19, 1850, commonly called the Clayton and Bulwer treaty, has been the most unfortunate of all; be cause the two governments place directly opposite and contradictory constructions upon its first and most important article.

Whilst, in the United States, we believed that this treaty would place both powers upon an exact equality by the stipulation that neither will ever occupy, or forfeit, or colonize, or assume, or exercise any dominion" over any part of Central America, it is contended by the British Government that the true construction of this language has left them in the rightful possession of all that portion of Central America which was in their occupancy at the date of the treaty; in fact, that the treaty is a virtual recognition on the part of the United States of the right of Great Britain, either as owner or protector, to the whole extensive coast of Central America, sweeping round from the Rio Hondo to the port and harbor of San Juan del Nicaragus, together with the adjacent Bay Islands, except the comparatively small portion of this between the Sarstoon and Cane Hondaras. According to their construction, the treaty does no more than simply prohibit them from extending their possessions in Central America beyond the presents limits. It is not too much to assert that if in the United States the treaty had been considered susceptible of such a construction, it never would have been negotiated under tee authority of the President, nor would it have received the approbation of the Senate.

The universal conviction in the United States was, that when our govornment consented to violate its traditional and time honored policy, and to stipulate with a foreign government never to occupy or acquire territory in the Central American portion of our own continent, the consideration for this sacrifice was that Great Britain should, in this respect at least be placed in the same position with ourselves. Whilst we have no right to doubt the sincerity of the British government in their construction of the treaty, it is at the same time my deliberale conviction that this construction is in op-

position both to its letter and its spirit. Under the late administration negotiations were instituted between the two governments for the purpose, if possible, of removing these difficulties; ing men have been tempted to their ruin by excess | and a treaty having this laudable object in view

was signed at London on the 17th October, 1856, and was submitted by the President to the Senate on the following 10th of December. Whether this treaty, either in its original or amended form would have accomplished the object intended without giving birth to new embarrassing complication between the two governments, may, perhaps, be well questioned. Certain it is, however, it was rendered much less objectionable by the different amend-

ments made to it by the Senate. The treaty, as amended, was ratified by me on the 12th of March, 1857, and was transmitted to London for rasification by the British government. That government expressed its willingness to concur in all the amendments made by the Senate, with the single exception of the clause relating to Ruaton and the other islands in the Bay of Honduras. The article in the original treaty, as submitted to the Senate, after reciring that these islands and their inhabitants "having been by a convention bearing date the 27th day of August, 1856, between her Britannic Majesty and the republic of Honduras, constituted and declared a free territory under the sovereignty of the said republic of Honduras," stipulated that "the two contracting powers do hereby mutually engage to recognize and respect in all future time the independence and rights of the said free territory as a part of the republic of Honduras."

Upon an examination of this convention between Great Britain and Honduras of the 27th August, 1856, it was found that, whilst declaring the Bay islands to be "a free territory under the sovereignty of the republic of Honduras," it deprived that republic of rights without which its sovereignty over them could scarcely be said to exist. It divided them from the remainder of Honduras, and gave to its inhabitants a separate government of their own, with legislative, executive and judicial officers elected by themselves.

It deprived the government of Honduras of the taxing power in every form and exempted the people of the island from the performance of military duty except for their own exclusive defence. It also prohibited that republic from erecting fortifications upon them for their protection-thus leaving them open to invasion from any quarter; and, finally, it provided that "slavery shall not at any time hereafter be permitted to exist therein."

Had Honduras ratified the convention, she would have ratified the establishment of a state substantially independent within her own limits, and a state at all times subject to British influence and control, Moreover, had the United States ratified the treaty with Great Britain in its original form, we should have been bound "to recognise and respect in all future time" these stipulations to the prejudice of Honduras. Being in direct opposition to the spirit and meaning of the Clayton and Bulwer treaty, as understood in the United States, the Senate rejected the entire clause, and substituted in its stead a simple recognition of the sovereign right of Handuras to these islands in the following language: "The two contracting parties do hereby engage to recognise and respect the islands of Ruatan, Bonaco, Utila, Barbaretta, Helena and Morat, situate in the Bay of Honduans, and off the coast of the Republic of Honduras, as under the sovreignty and as a part of the said republic of Honduras.

Great Britain rejected this amendment, assigning as the only reason, that the ratifications of the convention of the 27th August, 1856, between her and Honduras, had not been "exchanged, owing to the hesitation of that government." Had this been done, it is stated that "her Majesty's government would have had little difficulty in agreeing to the modification proposed by the Senate, which then would have had in effect the same signification as the original wording." Whether this would have been the effect; whether the mere circumstance of the exchange of the ratifications of the British convention with Honduras prior in point of time to the ratification of our treaty with Great Britain would, "in effect," have had "the same signification as the original wording," and thus pullified the amendment of the Senate, may well be doubted. It is, perhaps,

fortunate that the question has never arisen. The British government, immediately after rejecting the treaty as amended, proposed to enter into a new treaty with the United States, similar in all respects to the treaty which they had just refused to ratify, if the United States would consent to add to the Senate's clear and unqualified recognition of the sovereignty of Honduras over the Bay Islands, the following conditional stipulation. "Whenever and so soon as the republic of Honduras shall have concluded and ratified a treaty with Great Britain, by which Great Britain shall have ceded, and the republic of Honduras shall have accepted the said islands, subject to the provisions and conditions contained in such treaty.'

The proposition was, of course, rejected. After the Senate had refused to recognize the British convention with Honduras of the 27th August, 1856, with full knowledge of its contents, it was impossible for me, necessarily ignorant of "the provisions and conditions" which might be contained in a future convention between the same parties, to sanction them in advance.

The fact is, that when two nations, like Great Britain and the United States, mutually desirous as they are, and I trust ever may be, of maintaining the most friendly relations with each other, have unfortunately concluded a treaty which they un; derstand in senses directly opposite, the wisest course is to abrogate such a treaty by mutual consent, and to commence anew. Had this been done promptly, all difficulties in Central America would most probably, ere this, have been adjusted to the satisfaction of both parties. The time spent in discussing the meaning of the Clayton and Bulwer treaty would have been devoted to this praiseworthy purpose, and the task would have been the more easily accomplished because the interest of the two countries in Central America is identical, being confined to securing safe transits over all the

routes across the Isthmus. While entertaining these sentiments, I shall nevertheless not refuse to contribute to any reasonable adjustment of the Central American questions which is not practically inconsistent with the American interpretation of the treaty. Overtures for this ourpose have been recently made by the British Government in a friendly spirit, which I cordially reciprocate: but whether this renewed effort will result in success, I am not yet prepared to express an opinion. A brief period will determine.

With France our ancient relations of friendship still continue to exist. . The French government have in several recent instances, which need not be enumerated, evinced a spirit of good will and kind ness towards our country which I heartily reciprocate. It is, notwithstanding, much to be regretted that two nations whose productions are of such a character as to invite the most extensive exchanges and freest commercial intercourse should continue to enforce ancient and obsolete restrictions of trade against each other. Our commercial treaty with France is in this respect an exception from our treaties with all other commercial nations. It jealously levies discriminating duties both on tonnage and on articles, the growth, produce, or manufacture of the one country, when arriving in vessels belonging to the other.

More than forty years ago, on the 3d of March 1815, Congress passed an act offering to all nations to admit their vessels laden with their national productions into the ports of the United States upon the same terms with our own vessels, provided they would reciprocate to us similar advantages. This act confined the reciprocity to the productions of the respective foreign nations who might enter into their proposed arrangement with the United States. The act of May 24, 1828, removed this restriction, und offered a similar reciprocity to all such vessels without reference to the origin of their cargoes. Upon these principles our commercial treaties and arrangements have been founded, except with France; and let us hope that this exception may not

long exist. Our relations with Russia remain as they have ever been-on the most friendly footing. The present Emperor, as well as his predecessors, have never failed, when the occasion offered, to manifest their good will to our country; and their friendship has always been highly appreciated by the Government and people of the United States.

With all other European Governments, except Spain, our relations are as peaceful as we could desire. I regret to say that no progress whatever has been made, since the adjournment of Congress, towards the settlement of any of the numerous claims of our citizens against the Spanish Government. Besides the outrage committed on our flag by the Spanish war-frigate Frenola on the high seas, off the coast of Cuba, in March, 1855, by firing into the American mail steamer El Dorado, and detaining and searching her, remains unacknowledged and un redressed. The general tone and temper of the Spanish government towards that of the United States are much to be regretted. Our present envov extraordinary and minister Plenipotentiary to Madrid has asked to be recalled; and it is my purnose to send out a new minister to Spain, with spe-cial instructions on all questions pending between the two governments, and with a determination to have them speedily and amicably adjusted, if this be possible. In the meantime, whenever our minister urges the just claims of our citizens on the notice of the Spanish government, he is met with the objection that Congress has never made the appropriation recommended by President Polk in his annual message of December, 1847, "to be paid to the Spanish government for the purpose of distribution among the claimants in the Armistad case.' A similar recommendation was made by his immediate predecessor in his message of December, 1853, and entirely concurring with 10th in the opinion that this indemnity is justly due under the treaty with Spain on the 27th of October, 1795, I earnestly recommend an appropriation to the favor-

A treaty of friendship and commerce was concluded at Constantinople on the 13th December, 1856, between the United States and Persia, the ratifications of which were exchanged at Constantinople on the 16th of June, 1857, and the treaty was proclaimed by the President on the 18th of August,

able consideration of Congress.

1857. This treaty, it is believed, will prove beneficial to American commerce. The Shah has manifested an earnest disposition to cultivate friendly relations with our country, and has expressed a strong wish that we should be represented at Teheran by a Minister Plenipotentiary, and I recommend that an appropriation be made for this purpose.

Recent occurrences in China have been unfavorable to a revision of the treaty with that Empire, of the 3d of July, 1844, with a view to the security and extension of our commerce. The 24th article of this treaty stipulated for a revision of it, in case experience should prove this to be requisite; "in which case the two governments will, at the expiration of twelve years from date of said convention treat amicably concerning the same, by means of suitable persons appointed to conduct such negoti-

These twelve years expired on the 3d of July, 1856; but long before that period it was ascertained that important changes in the treaty were necessary; and several fruitless attempts were made by the commissioner of the United States to effect these

Another effort was about to be made for the same purpose by our commissioner, in conjunction with the ministers of England and France, but that was suspended by the occurrence of hostilities in the Canton river between Great Britain and the Chinese

These hostilities have necessarily interrupted the trade of all nations with Canton, which is now in a state of blockade, and have occasioned a serious loss of life and property. Meanwhile the insurrection within the empire against the existing Imperial dynasty still continues, and it is difficult to anticipate what will be the result.

Under these circumstances, I have demed it advisable to appoint a distinguished citizen of Pennsylvania Envoy Extraordinary and Minister Plenipotentiary to proceed to China, and to avail himself of any opportunities which may offer, to effect changes in the existing treaty favorable to the American commerce. He left the United States for the place of his destination in July last, in the war steamer, Minnesota. Special Ministers to China, have also been appointed by the governments of Great Britain and

Whilst our Minister has been instructed to occupy a neutral position in reference to the existing hostilities at Canton, he will cordially co-operate with the British and French ministers in all peaceful measures to secure by treaty stipulations those just concessions to commerce which the nations of the world have a right to expect, and which China cannot long expect to be permitted to withhold. From assurances received, I entertain no doubt that the three ministers will act in harmonious con-

cert to obtain similar commercial treaties for each of the powers they represent. We cannot fail to feel a deep interest in all that concerns the welfare of the independent republics on our own continent, as well as of the empire of Bra-

Our diffiulties with New Grenada, which a short time since bore so threatening an aspect, are it is to be hoped, in a fair train of settlement in a manner just and honorable to both parties.

The Isthmus of Central America, including that of Panama, is the great highway between the Atlantic and Pacific, over which a large portion of the | territorial dependence into that of a sovereign commerce of the world is destined to pass. United States are more deeply interested than any other nation in preserving the freedom and security of all the communications across this Isthmus, is our duty, therefore, to take care that they shall not be interrupted either by invasions from our own country or by wars between the Independent States of Central America.

Under our treaty with New Grenada of the 12th of December, 1846, we are bound to guaranty the neutrality of the Isthmus of Panama, through which the Panama railroad passes, "as well as the rights of sovereignty and property which New Grenada has and possesses over the said territory."-This obligation is founded upon equivalents granted by the treaty to the government and people of the of the United States.

Under these circumstances, I recommend to Congress the passage of an act authorizing the President, in case of necessity, to employ the land and naval forces of the United States to carry into effect this guarantee of neutrality and protection. I also recommend similar legislation for the security of any other route across the isthmus in which we may acquire an interest by treaty.

With the independent republics on this conti nent it is both our duty and our interest to cultivate the most friendly relations. We can never feel ndifferent to their fate, and must always rejoice in their prosperity. Unfortunately, both for them and for us, our example and advice have lost much of their influence in consequence of the lawless expeditions which have been fitted out against some of them within the limits of our country. Nothing is better calculated to retard our steady material progress, or impair our character as a nation, than the toleration of such enterprises, in violation of the law of nations.

It is one of the first and highest duties of any independent State, in its relations with the members of the great family of nations, to restrain its people from acts of hostile aggression against their citizens or subjects. The most eminent writers on public law do not hesitate to denounce such hostile acts as

robbery and murder. Weak and feeble States, flike those of Central America, may not feel themselves able to assert and vindicate their rights. The case would be far different if expeditious were set on foot within our own territories to make private war against a powerful nation. If such expeditions were fitted out from abroad against any portion of our own country, to burn down cities, murder and plunder our people, and usurp our government, we should call any power on earth to the strictest account for not preventing such eormities.

Ever since the administration of Gen. Washington, acts of Congress have been in force to punish severely the crime of setting on foot a military expedition within the limits of the United States, to proceed from thence against a nation or State with whom we are at peace. The present neutrality act of April 26, 1818, is but little more than a collection of pre-existing laws. Under this act the Presdent is empowered to employ the land and naval orces and the militia "for the purpose of preventng the carrying on of any such expedition or enterrise from the territories and jurisdiction of the Inited States," and the collectors of customs are uthorized and required to detain any ves el in port then there is reason to believe that she is about to ake part in such lawless enterprises.

When it was first rendered probable that an atempt would be made to get up another unlawful exedition against Nicaragua, the Secretary of State ssued instructions to the marshals and district atorneys, which were directed by the Secretaries of Var and the Navy to the appropriate army and avy officers, requiring them to be vigilant, and to se the best exertions in carrying into effect the rovisions of 1818. Notwithstanding these precauons, the expedition has escaped from our shores. uch enterprises can do no possible good to the ountry, but have already inflicted much injury both a its interests and its character. They have preented peaccable emigration from the United States the States of Central America, which could not il to be highly beneficial to all the parties erned. In a pecuntary point of view alone, our itizens have sustained heavy losses from the seizure nd closing of the transit route by the San Juan be-

tween the two oceans. The leader of the recent expedition was arrested t New Orleans, but was discharged on giving bail r his appearance in the insufficient sum of \$2000. I commend the whole subject to the serious atentien of Congress, believing that our duty and ur interest, as well as our national character, reuire that we should adopt such measures as will e effectual in preventing our citizens from commit-

ng such outrages. I regret to inform you that the President of Parguay has refused to ratify the treaty between the nited States and that state as amended by the Senrte, the signature of which was mentioned in the essage of my predecessor to Congress at the opeing of its session in December, 1853. The reason signed for this refusal will be found in the corres-

ondence herewith submitted. It being desirable to ascertain the fitness of the river La Plata and its tributaries for navigation by eam the United States steamer Water Witch was nt thither for that purpose in 1853. The enterise was successfully carried on until February, hen, while in the peaceful prosecution of her voyze up the Parana river, the steamer was fired upon y a Paraguayan fort. The fire was returned, but the Water Witch was of small force, and not degned for offensive operations, she retired from the inflict. The pretext upon which the attack was ade was a decree of the President of Paraguay of om navigating the rivers of that State. As paraday, however, was the owner of but one bank of e river of that name, the other belonging to Corght of its government to expect that such a decree ould be obeyed cannot be acknowledged. But e Water Witch was not, properly speaking, a essel of war. She was a small steamer engaged a scientific enterprise intended for the advantage commercial States generally. Under these circumstances, I am constrained to consider the attack upon her as un justifiable, and as calling for satisfac-

on from the Parageayan Government. Chizens of the United States, also, who were esblished in business in Paraguay, have had their property seized and taken from them, and have therwise been treated by the authorities in an inalting and arbitrary manner, which requires re-

A demand for these purposes will be made in a firm but conciliatory spirit. This will the more probably be granted if the Executive shall have authority to use other means in the event of a refisal. This is accordingly recommended.

It is unnecessary to state in detail the alarming condition of the Territory of Kansas at the time of my inauguration. . The opposing parties then stood in hostile array against each other, and any accident might have relighted the flames of civil war. Be-sides at this critical moment, Kansas was left without a governer by the resignation of Governor

On the 19th of February previous, the territorial egislature had passed a law providing for the election of delegates on the 3d Monday of September. for the purpose of framing a constitution prepara-tory to admission into the Union. This law was in the main fair and just, and it is to be regretted that all the qualified electors had not registered themselves and voted under its provisions.

At the time for the election of delegates an extensive organization existed in the Territory whose avowed object it was, if need be, to put down the lawful government by force, and to establish a government of their own under the so-called Topeka Constitution. The persons attached to this revolutionary organization abstained from taking any part

The act of the territorial legislature had omitted to provide for submitting to the people the constitution which might be framed by the convention; and in the excited state of public feeling throughout Kansas an apprehension extensively prevailed that a design existed to force upon them a constitution in relation to slavery against their will. In this emergency it became my duty, as it was my unquestionable right, having in view the union of all good citizens in support of the territorial laws, to express an opinion on the true construction of the provisions concerning slavery contained in the or-ganic act of Congress of the 30th May, 1854. Congress declared it to be "the true latent and meaning of this act not to legislate slavery into any Territory or State, nor to exclude it therefrom, but to leave the people thereof perfectly free to form and regulate their domestic institutions in their own way." Under it, Kansas, "when admitted as a State," was to "be received into the Union, with or without slavery, as their constituents may prescribe at the time of their admission."

Did Congress mean by this language that the delegates elected to frame a constitution should have authority finally to decide the question of slavery, or did they intend by leaving it to the people, that the people of Kansas themselves should decide this question? On this subject I confess I had never entertained a serious doubt, and, therefores, it. my instructions to Gov. Walker of the 28th-March last, I merely said that when "a constitution shall be submitted to the people of the Territory, they must be protected in the exercise of their right of voting for or against that instrument, and the fair expression of the popular will must not be interrupted by fraud or violence."

In expressing this opinion it was far from my intention to interfere with the decision of the people of Kansas, either for or against slavery. From this I have always carefully abstained. Intrusted with the duty of taking "care that the laws be faithfully executed," my only desire was that the people of Kansas should furnish to Congress the evidence required by the organic act, whether for or against slavery; and in this manner smooth their passage into the Union. In emerging from the condition of State, it was their duty, in my opinion, to make known their will by the votes of the majority, on the direct question whether this important domestic matitution should or should not continue to exist. Indeed, this was the only possible mode in which their will could be authentically ascertained.

The election of delegates to a convention must neces-arily take place in separate districts. From this cause it may readily happen, as has often been the case, that a majority of the people of a State or Territory are on one side of a question, whilst a majority of the representatives from the several districts, into which it is divided may be upon the other side. This arises from the fact that in some districts delegates may be elected by small majorities, whilst in others those of different sentiments may receive majorities sufficiently great, not only to overcome the votes given for the former, but to leave a large majority of the whole people in direct opposition to a majority of the delegates. Besides, our history proves that influences may be brought to bear on the representative sufficiently powerful to induce him to disregard the will of his constituents. The truth is, that no other authentic and satsfactory mode exists of ascertaining the will of a majority of the people of any State or Territory on an important and exciting question like that of slavely in Kansas, except by leaving it to a direct vote. How wise then, was it for Congress to pass over all subordinate and intermediate agencies, and proceed directly to the source of all legitimate pow-

er under our institutions! How vain would any other principle prove in practice. This may be illustrated by the case of Kansas. Should she be admitted into the Union with a constitution either maintaining or abolishing slavery, against the sentiment of the people, this could have no further effect than to continue and to exasperate the exciting agitation during the brief period required to make the constitution conform to the irresistible will of the majority

The friends and supporters of the Nebraska and Kansas act, when struggling on a recent occasion to sustain its wise provisions before the great tribunal of the American people, never differed about its true meaning on this subject. Everywhere through-out the Union they publicly pledged their faith and their honor, that they would cheerfully submit the question of slavery to the decision of the bona fide people of Kansas, without any restriction or qualification whatever. All were cordially united upon the great doctrine of popular sovereignty, which is the vital principle of our free institutions. Had it then been insinuated from any quarter than it would be a sufficient compliance with the requisitions for the organic law for the members of a convention, thereafter to be elected, to withhold the question of slavery from the people, and to substitute their own will for that of a legally ascertained majority of their constituents, this would have been instantly rejected. Everywhere they remained true to the resolution adopted on a celebrated occasion recognizing "the right of the people of all the Territo-ries-including Kansas and Nebraska-acting through the legally and fairly-expressed will of a majority of actual residents, and whenever the number of their inhabitants just fies it, to form a constitution, with or without slavery, and be admitted into the Union upon terms of perfect equality with the

other States.' The convention to frame a Constitution for Kan sas met on the first Monday of September last .-They were called together by virtue of an act of the Territorial Legislature, whose lawful existence has been recognized by Congress in different forms and by different enactments. A large proportion of the citizens of Kansas did not think proper to register their names, and to vote at the election for delegates; but an opportunity to do this having been fairly afforded their refusal to avail themse v s of their right could in no manner affect the legality of

the convention. This convention proceeded to frame a constitution for Kansas, and finally adjourned on the 7th day of November. But little difficulty occurred in the convention, except on the subject of slavery .-The truth is that the general provisions of our recent State constitutions are so similar-and, I may add, so excellent-that the difference between them is not essential. Under the earlier practice of the Government, no constitution framed by the convention of a Territory preparatory to its admission into the Union as a State had been submitted to the people. I trust, however, the example set by the last Congress, requiring that the Constitution of Minnesota, "should be subject to the approval and ratification of the people of the proposed State," may be followed on future occasions. I took it for granted that the convention of Kansas would act in accordance with the example, founded as it is, on correct principes, and hence my instructions to Gov. Walker, in favor of submitting the constitution to the peeple, were expressed in general and unquali-

In the Kansas-Nebraska act, however, this requirement, as applicable to the whole constitution, had not been inserted, and the convention were not bound by its terms to submit any other portion of the instrument to an election, except that which relates to the "domestic institution" of slavery. This will be rendered clear by a simple reference to its language. It was "not to legislate slavery into any Territory or State, nor to exclude it therefrom, but to leave the people thereof perfectly free to form and regulate their domestic institutions in their own way." According to the plain construction of the sentence, the words "domestic institutions" have a direct, as they have an appropriate reference to slavery. "Domestic institutions" are limited to the family. The relation between master and slave and a iew others are "domestic institutions," and are entirely dictinet from Institutions of a political character. Besides, there was no question then before Congress, nor indeed has there since been any serious question before the people of Kansas or the country, except the which relates to the "domestic institution" of slavery. The convention, after an angry and excited debate finally determined, by a majority of only two, to submit the question of slavery to the people, though at the last, forty-three of the fifty delegates present affixed their signitures to the constitution.

A majority of the convention were in favor of establishing slavery in Kansas. They accordingly inserted an article in the Constitution for this purpose similar in form to those which had been adopted by other territorial conventions. In the schedule however, providing for the transition from a territorial to a state government, the question has been fairly and explicitly referred to the people, whether they will have a constitution "with or without slavery." It declares that before the constitution a-dopted by the convention "shall be sent to Congress for admission as a state," an election shall be held to decide this question, at which all the white male inhabitants of the territory above the age of 21 are

entitled to vote. They are to vote by ballot; and "the ballots cast at said election shall be endorsed 'constitution with slavery,' and 'constitution without slavery." If there be a majority in favor of the constitution with slavery, then it is to be transmitted to Congress by the President of the Convention in its original form. If, on the contrary, there shall be a majority in favor of the "constitution with no slavery," "then the article providing for slavery shall be stricken from the constitution by the President of this Convention," and it is expressly declared that "no slavery shall exist in the state of Kansas, except thas the right of property in slaves now in the Territory shall in no manner be interfered with;" and in that event it is made his duty to have the constitution thus ratified transmitted to the Congress of the United States for the admission of the state

into the Union. At this election every citizen will have an opportunity of expressing his opinion by his vote "whether Kansas shall be received in the Union with or without slavery," and thus this exciting question may be peacefully settled in the very mode required by the organic law. The election will be held under legitimate authority, and if any portion of the inhabitants shall refuse to vote, a fair opportunity to do so having been presented, this will be their own voluntary act, and they alone will be responsible for

the consequences. Whether Kansas shall be a free or a slave State must eventually, under some authority, be decided by an election; and the question can never be more clearly or distinctly presented to the people than it is at the present moment. Should this opportunity be rejected, she may be involved for years in domestic discord, and possibly in civil war before she can again make up the issue now so fortunately tendered, and again reach the point she has already

Kansas has for some years occupied too much of the public attention. It is high time this should be directed to far more important objects. When once admitted into the Union, whether with or without slavery, the excitement beyond her own limits will speedily pass away, and she will then, for the first time, be left, as she ought to have been long since, to manage her own affairs in her own way. If the Constitution on the subject, be displeasing to a majority of the people, no human power can prevent them from changing it within a brief period Under these circumstances, it may well be ques tioned whether the peace and quiet of the whole country are not of greater importance than the men temporary triumph of either of the political parties

Should the constitution without slavery be adopted by the votes of the majority, the rights of property in slaves now in the Territory are reserved. The number of these are very small; but if it were greater the provision would be equally just and reasonable. These slaves were brought into the Territory under the Constitution of the United States, and

are now the property of their masters. This point has at length been finally decided by the highest judicial trbunal of the country-and this upon the plain principal that when a confederacy of Sovereign States acquire a new Territory at their joint expense, both equally and justly demand that the citizens of one and all of them shall have the right to take into it whatsoever is recognized as properto by the common constitution. To have amartiv confiscated the property in slaves already in the territory, would have been an oct of gross injustice, and contrary to the practice of the older States of the Union which have abolished slavery. A territorial government was established for Utah

by act of Congress approved the 9th September, 1850, and the Constitution and laws of the United States were thereby extended over it "so far as the same, or any provisions thereof, may be applicable."
This act provided for the appointment by the President, by and with the advice and consent of the Senste, of a governor, who was to be exofficio suoccietendent of Indian Affairs, a Secretary, three Judges of the Supreme Court, a Marshall and a District Attorney. Subsequent acts provided for the appointment of the officers necessary to extend our and and our Indian system over the territory .-Brigham Young was appointed the first governe on the 20th September, 1850, and has held the office ever since. Whilst Governor Young has been both governor and superintendent of Indian affairs, throughout this period, he has been at the same time the head of the church called the Latter Day Saints, and professes to governits members and dispose of their property by direct inspiration and authority from the Almighty. His power has been, therefore, absolute over both church aid State. The people of Utah, almost exclusively belong to

this church, and believing with a finatical spirit that he is Governor of the Territory by Divine appointment, they obey his commands as if these were direct revelations from Heaven. If, therefore, he clooses his government shall come into collision with the Government of the United States, the members of the Mormon church will yield implicit obedi-

Unfortunately, existing facts leave but little doubt that such is his determination. Without entering upon a minute history of occurrences, it is sufficient to say that a l the officers of the United States, judicial and executive, wth the single exception of two Indian agents, have found it neccessary for their own personal salely to withdraw from the Territory, and there no longer remains any government in Utah but the despotism of Brigham Young. This being the condition of affairs in the

Territory, I could not mistake the path of duty. As Chief Frecut ve Magistrate I was bound to restore the supremacy of the Constitution and laws within its limits. In order to effect this purpose I appointed a new Governor and other federal officers for Utah, and sent with them a military force for their protection, and to aid as a posse comitatus in

case of need in the execution of the laws. With the religious opinions of the Mormons, as long as they remained mere opinious, however deplorable in themselves and revolting to the moral and religious sentiment of all Christendom, I had no right to interfere. Actions alone, when in violation of the constitution and laws of the United States, become the ligitimate subjects for the jurisdiction of the civil magistrates. My instructions to Governor Cumming have therefore been framed in strict accordance with these principles. At their date a hope was indulged that no necessity might exist for employing the military in restoning and maintaining the authority of the law; but this hope has now vanished. Governor Young has by proclamatiod, declared his determination to maintain his power by force, and has already committed acts of hostily against the United States. Unless he should retrace his steps the Territory of Utah will be in a state of open rebelion. He has committed these acts of hostility notwithstanding Major Van Vlict, au officer of the army, sent to Utah by the commonding general to purchase provisions for troops, had given him the strongest assurances of the peaceful intentions of the government, and that troops would only be employed as a posse comitatus when ca elon by the civil authority to aid in the execution of the laws.

There is reason to believe that Gov. Young has long contemplated this result. He knows that the co tinuance of his despotic power depends upon the exclusion of all settlers from the territory except those who will acknowledge his divine mi-sion and implicitly obey his will, and that an enlightened tions at war with the laws both of God and man. He has, therefore, for several years, in order to maintain his independence, been industriously employed in collecting and fabricating arms and muni tions of war, and in disciplining the Mormons for military service. As Superintendent of Indian Affairs he has had an opportunity of tampering with the Indian tribes, and exciting their hostile feelings against the United States. This, according to our information, he has accomplished in regard to some of these tribes, while others have remained true to their allegiance, and have communicated his in-trigues to our Indian Agents. He has laid in a store of provi-ions for three years, which, in case of necessity, as he informed Major Van Viiet, he will conceal, "and then take to the mountains, and bid defince to all the powers of the government." A great part of all this may be idle boasting; but

yet no wise government will lightly estimate the efforts which may be inspired by such phrenzied fanaticism as exists among the Mormons in Utah. This is the first rebellion which has existed in our Territories: and humanity itself requires that we should put it down in such a maener that it shall be the last. To trifle with it, would be to encourage it, and to render it formidable. We ought to go there with such an imposing force as to convince these de uded people that resistance would be vain; and thus spare blood. We can in this manner convince them that we are their friends, not their enemies. In order to accomplish this object it will be necessary according to the estimate of the War Department, to raise four additional regiments; and this I expectly recommend to Congruss. At the present moment of depression in the revenues of the country I am not the believed to recommend such a measure, but I feel countent of the support of Congreen, cost what is may, in suppressing the insur-rection and in restoring and maintaining the sover-eignty of the constitution and laws over the Territory of Utah.

I recommend to Congress the establishment of a territorial government over Arizonia, incorporating with it such portions of New Mexico as they may deem expedient. I need scarcely adduce arguments in support of this recommendation. We are boans to protect the lives and property of our citizens inhabiting A izonia, and these are now without flicient protection. Their number is already considerable, and is rapidly increasing, notwithstanding the disadvantages under which they labor. Besides, the proposed territory is believed to be rich in mineral and agricultural resources, especially in liver and copper The mails of the United States to California are now carried over it through its whole extent, and this route is known to be the nearest, and believed to be the best to the Pacific.

Long experience has deeply convinced me that a

strict construction of the powers granted to Co gress is the only true as well as the only safe, th ory of the constitution. Whilst this principle sba guide my public conduct, I consider it clear the under the war making power Congress may ap priate money for the construction of a military road through the Territory of the United States, when this is absolutely necessary for the defence of any of the States against foreign invasion. The consti-tution has conferred upon Congress power to "declare war," "to raise and support armes:" "to pro-vide and maintain a navy," and to call forth the mi-litia to "repel invasions." These high foreign powers decessarily involve important and respo public duties, and among them there is none as sacred and so imperative as that of preserving our soil from the invasion of a foreign enemy.

The constitution has therefore, left nothing on the point to construction, but expressly requires that "the United States shall protect each of them (the States) against invasion." Now, if a military road over our own Territories he indispensible necessary to enable us to meet and repel the in valer, it follows as a necessary consequence not only that we possess the power, but it is our imperative a) ardity to invest a government with unlimited power to make and conduct war, and at the same me done to it only the means of reaching and defeating the enemy at the frontier. Without such a mad it is quite evident we cannot "protect" Callwe cannot by any other means transport men and munitions of war from the Atlantic States in afficient time successfully to defend those remote

and distant portions of the Republic. Experience has proved that the routes across the isthmus of Central America are at best but a very uncertain and unreliable mode of communication. But even if this were not the case, they would at once be closed against us in the event of a war with a naval power so much stronger than our own as to be able to blockade the ports at either end of these routes. After all, therefore, we can only rely upon a military through our own territories; and ever since the origin of the government, Congress has been in the practice of appropriating money from the public treasury for the construction

of such roads. The diffi ulties and the expense of constructing a military railroad to connect our atlantic and Pacific States, have been greatly exaggerated. The distance on the Arsona route near the 32d pa ailel of No. th latitude, between the western boundary of Texas on the Rio Grands and the eastern boundary of California on the Colorado, from the best explorations now within our knowledge, does not ex-ceed tour hundred and seventy miles, and the face of the the country is, in the main, favorable. For obious reasons

the government ought not to undertake the work itself by means of its own agents.

This ought to be committed to other agencies, which Congress might assist either by grants of land or money; or both, upon such terms and conditions as they may deem most ben ficial for the country. Frevision might thus be made out only for the safe rapid and economical terms. most beneficial for the country. Provision might thus be made not only for the safe, rapid, and economical transportation of troops and munitions of war, but also of the public mails. The commercial interests of the whole country, both fast and West, would be greatly promoted by such a road; and above all, it would be a powerful additional bond of union. And, falthough advantages of this kind, whether postul, commercial, or political cannot confer constitutional power, yet they may furnise anxiliary arguments in favor of expediting a work which, in my judgment, is clearly embraced within the war-making power.

For these reasons I commend to the friendly considera-For these reasons I commend to the friendly considera tion of Congress the subject of the Pacific railread, with-out finally committing myself to any particular route. The report of the Secretary of the Treasury will be nich a detailed statement of the condition of the public final ces and of the respective branches of the public service de report it appears that the amount of revenue received from all sources into the Treasury during the fiscal year ending the 30th of June, 1859, was sixty-eight millions six hundred and thirty-one thousand five hundred and thirteen dollars and sixty seven cents, (\$68.631.513.67.) which amount, with the balance of nineteen million and nine hundred and ne thousand three hundred and twenty five the treasury at the commencement of the year, made as aggregate for the service of the year of eighty-eight mil lion five hundred and thirry-two thousand eight hundred and thirty-pine dollars and twelve cents, (-83 593, 39 15. I would call the special attention of Congress to the re-commendation of the Secretary of the Navy in favor of the constuction of ten war steamers of light draught. For some years the government has been obliged on many occasions to hire such steamers from individuals to supply its pressing wants. At the present moment we have no armed ves sel in the navy which can penetrate the rivers of China. We have but few which can enter any of the harbors south of Norfolk, although many millions of foreign and domestic commerce annually pass in and out of these harbors. Some of our most valuable interests and most valuerable points great speed, and heavy guns, would be form idable in coast defence. The cost of their construction will not be great, and they will require but a comparatively small expediture to keep them in commission. In time of peace they will prove as effective as much larger vessels, and often more useful. One of them should be at every station where we maintain a sq. adron, and three or four should be constantefficiency combine to recommend them as almost indispensable. Ten of these small vessels would be of incalcurable advantage to the naval service, and the whole cost of their construction would not exceed two million three hundred thousand dollars, or \$130,000 each.

The report of the Secretary of the Interior is worthy of grave consideration. It treats of the numerous, important and diversified branches of domestic administration en-trusted to him by law. Among these the most prominent are the public lands and our relations with the Indians. Our system for the disposal of the public lands, origi-nating with the fathers of the republic, has been improved

resents to our country of future prosperity and power! We have heretologe disposed of \$63,862,464 nores of the The public expenditures for the fiscal year ending \$0th June, 1857 am unted to seventy illion eight hundred dollars and eighty five cents (70,822,734 85), of which tive pillion nine hundred and forty three thousand eight hun fred and n ne six dollars and ninety one cents, (5 943, 896 91) were applied to the redemption of the public (ebt; interest and premium, eaving in the treasury at the commencement of the present year, on the 1st July, 1.57, seventeen million seven hundred and ents, (\$17,710,11 27).

as experience pointed the way and gradually adapted to the growth and settlement of our Western States and Territories. It has worked well in practice. Already

hirteen States and seven Territories have been curved ou

of these lands, and still more than a thousand gallion

acres remain unsold. What a boundless prospert this

The receipts into the treasury for the first quarter of the present fiscal year, commencing 1st July, 1857, were twen-ty million nine hundred and twenty-nine thousand sight red and nineteend diars and eighty-one cents (\$20), 929,819 s1), and the estimated receipts of the remaining three quarters to the 86th June, 1808, are thirty six million even hundred and fifty thousand dollars (\$36,750.00) making with the balance before stated, an aggregate of seven ty-five milion three hundred and eighty nine thousand nine bundred and thirty four dollars and eiget cet to \$75 389,934 08) for the service of the present fiscal year. The actual e penditure during the first quarter of the present fiscal year were twenty-three millions seven hun-lred and fourteen thousand five hundred and twentyeight dollars and thirty seven cents [\$28,714, 528 87), or rhich three millions eight hundred and ninety-five thousand two hundred and thirty-two dollars and thirty nine cents (\$3.895.232.35), were applied to the redemption of the public debt, including interest and premium. The probable expenditures of the remaining three quarters to 50 June, 1858, are fi ty-one millions two hundred and forty-eight thousand five hundred and thirty dollars and tour cents, (51,243,530 00), including interest on the public debt making an aggregate of seventy-four millions nine hun-dred and sixty three thousand fifty-eight dollars and forty one cents. (\$71,963,005 41), having an estimated balance in the Treasury at the close of the present fiscal year of four hundred and twenty-six thousand eight hundred and seventy-five dollars and sixty seven cents (\$426,575 67).

The amount of the public debt at the commencement of the present fiscal year was twenty-nine million sixty thousand to ree ) undred and eighty-six dollars and ninty cents

232 89) -1-aving a balance unredeemest at this time of twenty-five millio one hundred and sixty five thousand hundred and fifty four dollars and fifty-one cents (\$25 165,154 51). The amount of estimated expenditures for the remaining three quarters of the present fiscal year will, in all probability be increased from the competition in the report of the Secretary. His suggestion, therefore, that noth ty should be given to supply any temporary deficiency by the lesses of a limited amount of treasury notes, is approx-

The amount redeemed since the Ist of July was three

million eight hundred and einety-five thousand two has

dred and thirty two dollars and thirty-nine cents (\$3,905,-

March 3, 1857, has been in operation for so short a period of time, and under circumstances so unfavorable to a just lopment of its result, as a revenue measure, this should regard it as no inexpedient, at least for the present,

to undertake its revision. I transmil berewith the reports made to me by the Secre taries of War and of the Navy, of the Interior and of the Postmaster-Gene al. They a leontain valuable and important information and suggestions which I commend to the favorable consideration of Congress.

I have already recommended the raising of four addi-tions; regiments and the report of the Secretary of War presents strong reasons proving this increase of the army. under the existing circumstances, to be indispensable Whilst the public lands as a source of revenue are of great importance, their importance is far greater as fur-nishing homes for a hardy and independent race of honest and industrious citizens, who desire to cubdue and cultivate the soil. They ought to be administered main'y with a view of promoting the wise and benevolent policy. In appropriating them for any other purpose we ought to use even greater economy than if they had been converted into money and the proceeds were already in the public treasury. To squander away this richest and noblest heritance which any people have ever enjoyed upon objects of doubtful constitutionality or expediency, would be to heritance which any people have ever evjoyed upon objects of doubtful constitutionality or expediency, would be to violate one of the most important trusts ever committed to any people. Whilst I do not deny to Congress the power, when acting bona fide as a proprietor, to give away portions of them for the purpose of increasing the value of the remainder, yet considering the great remptation to abuse this power, we cannot be too cautious in its exercise. Actual settlers under existing laws are protected against other purch asers at the public sales, in their right of preemption, to the extent of a quarter seation, or 160 acres of land. The remainder may then be disposed of at unbile or entered at private sale in sufficient quantities.

Speculation has of late years precalled to a great extent in the public lands. The consequence has been that large portions of them have become the property of ital vinus, and companies, and thus the price is greatly enlawed to those who wish to purchase for actual tellement. Interest to high the arca of sacutation as not due to the first have become the property of that large profiles are an actual to the property of the property of the extension of the extension of the extension of the proble surveys ought only to here pure with the tide of emigration.

emigration.

If Conheces hereafter thould grant abstracts or thous to S ares or companies, as they have done him to to to. I recommend that the intermediate sections related by the government should be subject to pre-empiliar by actual selections. It ought ever to be our cardinal pully to reserve the It ought ever to be our eardinal policy to reserve the public lands as much as unry by for netual senters, and this at moderate prices. We shall thus not only serve two the prosperity of the new States and Lerricories and the power of the Union, but shall seture homes for our power ity for many generalists.

The extension of our limits has brought within or jurisdiction meny additional and proposes to see of Indians, a larger proportion of which are rich, saturatable, and difficult to control. By additory and waiter it their disposition and habits, it is huposonic a rather to restrain them from committing against the emergialization our frontier cities and the emergialization our distant States and Territories. expedicions are irequestly account to ever and dise the more lawles and host at.

The present sectom of making them valuable to influence them to remain a pace, has proved

to influence there to remain a pance, has proved ineffects, al. It is bettered to be the better policy to colonize them in suitable localities, sherry they can receive the rudiments of education and be gradual induced to adopt habits of nature. So far a experiment has been tried a become